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18 September 1995
Videoconference

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VISA INTERNATIONAL
MANAGEMENT EXECUTIVE COMMITTEE
18 September 1995

Attendance: All members, except Lindsay Pyne, were present. Ray Barnes also was present. Carolyn Tolf, Jack Miller, John Van Aken, Dick Hagadorn, John Bennett, Caroline McNally, Kent Dorwin, Harvey Bondar and Dick Held were present during part of the meeting. Linda Floyd acted as Secretary.

Place & Time: Videoconference
18 September 1995

Advance Materials: Mailed and delivered on 7 September 1995

252. Compensation Strategy

A report was presented on revisions to the short-term and long-term management incentive plans. Total compensation, including benefits, will be considered. The Member satisfaction surveys will be distributed, with each Region receiving the overall results and those for their Region.

253. Secured Transaction Technology/Microsoft (CONFIDENTIAL ITEM)

Standards have been completed with Microsoft, and discussions held with MasterCard on adopting those standards. MasterCard is considering aligning with IBM and Netscape instead. The Committee discussed when announcement of the Visa/Microsoft standard should occur and how to address MasterCard's alignment with IBM and Netscape.

254. Visa Interactive/Microsoft (CONFIDENTIAL ITEM)

The Committee discussed briefing key Members and directors on an agreement between Visa Interactive and Microsoft, without violating the confidentiality of the letter of intent, before announcement of the agreement at the October Board meeting.

255. Global Card Acceptance

A presentation was given on proposed additional cardholder chargeback rights to address the competitive disadvantage of Visa, such presentation attached to the minutes of this meeting as Exhibit A. Alternatives were discussed for presentation of these chargeback Operating Principles to the Regional Boards and International Board. The input from Advisor Groups was discussed, and how to address countries where such chargebacks would be legally

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unenforceable. Jack Miller expressed the strong views of the Asia-Pacific Region against the proposal, since the Region was unable to cast a vote in Lindsay Pyne's absence. After further discussion, and upon motion duly made, seconded and carried, with Hans van der Velde and Anne Cobb opposed, it was

RESOLVED, that proposed chargebacks for "merchandise not as described," "defective merchandise," and "no credit for merchandise returned" be presented for approval to the Regional Boards and International Board during September/October 1995, with an effective date no later than October 1996.

256. Global Brand Strategy Update

Global Brand Rules were presented to the Committee, with a recommendation to implement them as soon as possible for all new products and services. After discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Global Brand Rules are hereby adopted for implementation effective 1 October, such rules to be attached to these minutes as Exhibit B.

257. International Olympic Program

The Committee was advised that cost issues, alternatives and contract issues will be highlighted for the International Board, with a report on how the Regional Boards voted on the resolution to renew the Olympic sponsorship.

258. 1996 Financial Plan

The Board presentation will be focusing on the headquarters plan. The Committee will need to review the capital budget and business cases before the Board meeting to be able to respond to questions.

259. Approval of Minutes

Upon motion duly made, seconded and unanimously carried, the minutes of 21 August 1995 were approved.

260. Monthly Performance Reports

The Committee was advised that there has been an expected seasonal leveling off. Rebates have been approved in the EU Region, and some marketing programs will be coming up shortly.

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261. Card Recovery Bulletin

A videoconference with Chief Financial Officers is scheduled to review changes to the Card Recovery Bulletin program. The Committee will be advised of the results of the meeting, but nothing is planned for the October Board meeting on this topic.

262. Appointment of Officer

It was proposed that Jack Miller be appointed Assistant Secretary for the Asia-Pacific Region. After discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that, pursuant to Section 7.17(ix) of the Visa International By-Laws, Jack Miller is hereby appointed Assistant Secretary for the Asia-Pacific Region.

263. Visa EU

The Committee reviewed the revised By-Laws and Principals in the agenda materials. A wholly owned subsidiary still is being discussed for the EU Region, and appropriate changes to the By-Laws and Principals will be considered to allow such a formation.

264. Group Member Acquiring

The By-Laws in the agenda materials will be revised to require owners, other than Visa, of Group Member Acquirers to be Issuers in that country. It was confirmed that an acquiring-only Member could exist without such Member being a Group Member. Also, a Regional Board can approve or decline membership and impose conditions, and management can discourage the formation of a Group Member Acquirer. There is no restriction on duality, but a Region could impose it, subject to local law. Proposed By-Law 2.07 will be revised to add "subject to applicable law."

265. Competitors of Visa International

The revised By-Laws in the agenda materials will grandfather existing Members till October 1997. This By-Law will apply only to Members franchised to issue a competitor's cards, and not those just carrying a line for the card. The Regions have the option of advising their Boards that this topic will be on the International Board agenda. After further discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the proposed By-Laws prohibiting Members from issuing competitors' cards are hereby approved for presentation to the Board.

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266. **Facilities Report**

The Committee was advised that Visa is negotiating on the parcels across from the current Metro buildings. A presentation will be made to the Board on this. The new building is on time and on budget.

267. **Risk Committee Meeting**

The Committee then adjourned to conduct the Risk Committee Meeting. The Committee was reconvened to vote on proposed Operating Regulations for tightening up card shipping procedures. After discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit C are hereby adopted.

268. **Other Business**

The next Management Executive Committee meeting is scheduled for 14 October in Williamsburg, Virginia.

There being no further business, the meeting was adjourned.



Linda Floyd

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